Prime Focus LLC

Purchasing Services Bureau
Montana Department of Transportation
2701 Prospect Avenue
P. O. Box 201001
Helena, MT 59620-1001

Subject: RFP #HWY – 308128-RP

Dear Sirs,

I am delighted to be responding to the Montana Department of Transportation's Request for Proposal entitled: ***"Research in support of container/trailer on flatcar in intermodal service in Montana's railway mainlines".*** Our team is comprised of two industry professionals with over 60 years of private sector experience along with seasoned transportation research professionals from the Western Transportation Institute located at Montana State University in Bozeman, Montana.

We are committed to delivering to Montana a reasonable and rational approach to researching the feasibility of increasing intermodal freight transportation in the state and will explore potential incentives for BNSF and Union Pacific railroads to provide additional intermodal services to Montana shippers. Our team understands global freight supply chains, intermodal rail and terminal operations as well as the business metrics that drive sourcing and transportation purchasing decisions. The challenge is not small, bringing railroads, equipment owners, operators and the shippers together. Yet the opportunity is significant for the economic development of Montana.

Our team will offer the most cost effective approach, leveraging local resources at the Western Transportation Institute and industry veterans who are well connected with the carriers and the industry stakeholders. We have reviewed the state rail plan produced in 2000 and have read the Rail Freight Competition Study published in October 2004. Together we will deliver and oversee a successful win-win plan that will benefit Montana for years to come. We are prepared to start work as early as February 1, 2007.

Sincerely yours,

Elizabeth E. Ogard

Prime Focus LLC

Research in Support of Container/Trailer on Flatcar in Intermodal Service on Montana's Railway Mainlines

(HWY-308128-RP)

A proposal by

Prime Focus LLC

and

Western Transportation Institute

College of Engineering

Montana State University – Bozeman

and

RMACK LLC

A proposal prepared for

Purchasing Services Bureau

Montana Department of Transportation

January 19, 2007

January 19, 2007

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1. PROJECT OVERVIEW

Prime Focus LLC (PFLLC) will act as the lead agency/organization with RMACK LLC and the Western Transportation Institute (WTI) as a subcontractors for the purposes of this proposal and any resultant contract. PFLLC, RMACK LLC and WTI are hereafter referred to in the proposal collectively as the "PF Team."

The PF Team hereby understands and will comply with all requirements as set forth in the Request for Proposals (RFP Number: HWY-308128-RP).

The PF Team stands ready to assist the Montana Department of Transportation with developing research for intermodal service on Montana's railway mainlines.

1.1. Contract Term

The contract term will be determined based on the PF Team's selection for this project. The term will be determined based on protocols put forth in Appendix B: Contract Item 2.1.

1.2. Single Point of Contact

The PF Team understands that Richele Parkhurst is the Procurement Officer for this RFP and will only contact Ms. Parkhurst.

1.3. Definition of Terms

The PF Team understands and accepts the definition of terms as described in the RFP #308128 RP.

1.4. Required Review

The PF Team has carefully reviewed the instructions, requirements, specifications, terms and conditions associated with RFP #308128 RP. The PF team has no questions about RFP #308128 RP.

1.5. General Requirements

The PF Team has reviewed the General Requirements for RFP#308128 RP.

1.5.1. Acceptance of Standard terms and conditions/contract

The PF Team accepts the standard terms and conditions as set out in Appendices A and B of this RFP #308128 RP.

1.5.2. Resulting Contract

The PF Team has reviewed Appendix B and is prepared to sign a resulting contract should our proposal be selected. The PF Team understands that the contract will govern any disputes.

1.5.3. Mandatory Requirements

The PF Team meets all the mandatory requirements as set forth in the RFP #308128 RP

1.5.4. Understanding of Specification and Requirements

The PF Team understands and will comply with the specifications and requirements described in this RFP #308128 RP.

1.5.5. Prime Contractor/Sub Contractor

The prime contractor understands that it is responsible for all work, errors and omissions created by the PF Team. Nothing created within this document or any contract documents shall create any contractual relationships between any subcontractor and the State.

The prime contractor will be:

Elizabeth (Libby) Ogard
Principal
Prime Focus LLC
918 Fox River Drive
DePere, WI 54115
(920) 217-7222
logard@new.rr.com

Subcontractors will be:

Jerry Stephens and Michael H. Cole
Western Transportation Institute
College of Engineering
Montana State University
P.O. Box 174250
Bozeman, MT 59717
(406) 994-6114
jerrys@ce.montana.edu

Robert M. Sleeker
President
RMACK LLC
975 Lincoln Street, Unit 9H
Denver, CO 80203
(303) 883-7133
sleekerr@bellsouth.net

1.5.6. Offeror's Signature

Elizabeth (Libby) Ogard has signed this RFP #308128 RP and pledges that this offer has been established without collusion and without effort to preclude the State of Montana from obtaining the best possible supply or service.

1.5.7. Offer Shall Remain in Effect for 120 days.

This response to RFP #308128 shall remain in effect for 120 days from date of submission as defined in the Schedule of Events, or receipt of best and final offer.

1.6. Submitting a Proposal

1.6.1. Organization of Proposal

The organization of this proposal includes a point by point response to all numbered sections.

"Prime Focus" understands and will comply.

1.6.2. Failure to Comply with Instructions

The PF Team understands and intends to comply with RFP #308128 RP protocols.

1.6.3. Multiple Proposals

The PF Team will submit only one response to RFP #308128 RP with the required number of originals and copies.

1.6.4. Copies Required and Proposal Deadline

The PF Team will comply with the instructions for proposal submission for RFP #308128 RP.

1.6.5. Late Proposals

The PF Team understands that regardless of cause a late proposal will not be accepted

1.6.6. Addressing of Proposals

The PF Team will respond to the address as identified in the RFP for #308128 RP.

1.7. Cost of Preparing a Proposal

The PF Team will bear the cost of proposal generation.

1.7.1. State Not Responsible for Preparation Costs

The PF Team understands that the State is not responsible for any costs associated with the response to RFP #308128 RP.

1.7.2. All Timely Submitted Materials Become State Property

The PF Team understands that everything submitted in response to RFP #308128 becomes the property of the State of Montana. The PF Team understands that any materials which may further expand or define any contractual relationship between the State and the offeror shall become property of the State.

2. AUTHORITY

The PF Team understands that the RFP has been issues under the authority of section 18-4-304, MCA and ARM 2.5.602. The PF Team understands the evaluation criteria.

2.1. Offeror Competition

The PF Team understands the terms of competition among offerors.

2.2. Receipt of Proposals and Public Inspection

2.2.1. Public Information

The PF Team understands and accepts the terms and conditions set for in this section of RFP#308128 RP.

2.2.2. Procurement Officer Review of Proposals

The PF Team understands the role and process stated in this section of RFP#308128 RP.

2.3. Classification and Evaluation of Proposals

2.3.1. Initial Classification of Proposals

The PF Team understands the terms and conditions set for in RFP #308128 RP.

2.3.2. Determination of Responsibility

The PF Team understands the terms and conditions set for in RFP #308128 RP.

2.3.3. Evaluation of Proposals

The PF Team understands the terms and conditions set for in RFP #308128 RP.

2.3.4. Completeness of Proposals

The PF Team understands the terms and conditions set for in RFP #308128 RP.

2.3.5. Opportunity for Discussion and/or Oral Presentation/Product

The PF Team understands the terms and conditions set for in RFP #308128 RP.

2.3.6. Best and Final Offer

The PF Team understands the terms and conditions set for in RFP #308128 RP.

2.3.7. Evaluation Committee Recommendation for Contract Award

The PF Team understands the terms and conditions set for in RFP #308128 RP.

2.3.8. Request for Documents Notice

The PF Team understands the terms and conditions set for in RFP #308128 RP.

2.3.9. Contract Award

The PF Team understands the terms and conditions set for in RFP #308128 RP.

2.4. State's Rights Reserved

The PF Team understands the terms and conditions set for in RFP #308128 RP.

3. PURPOSE

The PF Team understands the intermodal situation in the State of Montana and the hardship the lack of these services represent to the shippers and economic developers within the State. We understand that the BNSF offers intermodal trailer service from Chicago to Billings for select private equipment owners but that no outbound freight from Billings is loaded to the train. The PF Team understands that competitive rates and services are needed for shippers and receivers in Montana to be competitive in domestic and international markets. The team also understands that value added agriculture commodities rely on containerized transportation programs to compete in world markets and that the absence of these services in Montana represents a significant barrier to their competitive position.

3.1. Scope

This research effort will document user demand for intermodal service and will explore and recommend incentives that would be attractive to the Burlington Northern Santa Fe Railroad and Union Pacific Railroad to create such a service.

The consultant team is aware of numerous incentives that have been effectively leveraged by other states and regional coalitions to improve intermodal access and service. The PF team will set forth a phased approach to explore, document and identify areas of opportunity for the State of Montana.

3.1.1. Project Understanding

The U.S. was dealt a devastating blow on September 11, 2001 and the nation's economy plunged into a downturn. For the next 24-30 months, many transportation managers and logisticians were desperate to achieve cost reductions and improve company profits. The outsourcing revolution took hold in earnest and outsourcing and off shoring resulted in the export of many of our nation's manufacturing jobs. Today more than 70% of the products sold at Wal-Mart are imported from Asia. This trend has completely absorbed any unused or under-utilized rail network capacity. Since the fourth quarter of 2004, the rail carriers have witnessed an unparalleled business renaissance and a strong and steady demand for containerized rail transportation. The surge in international trade coupled with the recent energy crises has resulted in new business models for virtually every rail carrier. Intermodal and coal business units are now driving the decisions of all railroad CEOs. This is having a dramatic impact, which has resulted in reduced rail access for small and rural communities that are intermediate to the railroad's end-to-end connections.

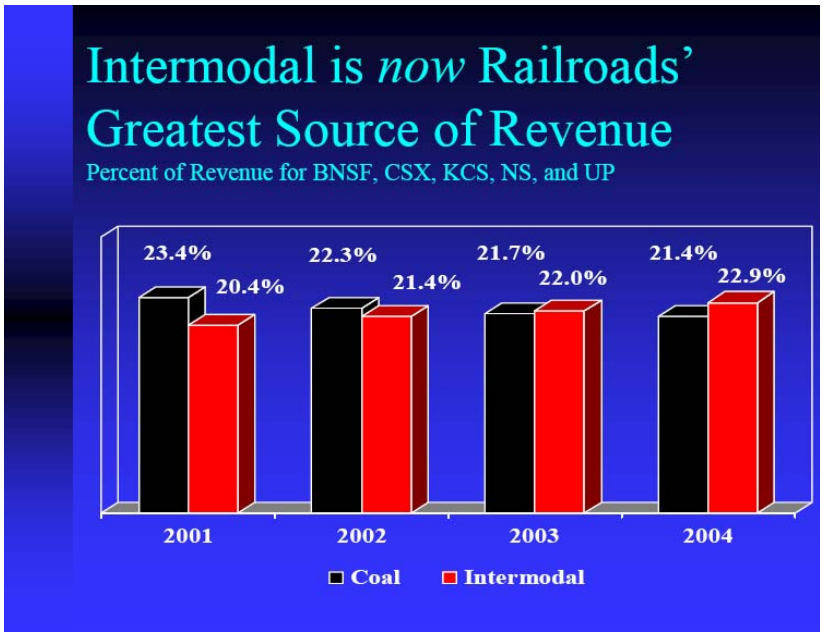


Figure 1 - In 2004, intermodal surpassed coal as the railroads' greatest source of revenue

Montana is served by two Class 1 railroads (the BNSF and the Union Pacific) and a significant Class 2 railroad (the Montana Rail Link). In the past three years, Montana lost scheduled intermodal service to two of the three terminals in the state. While still operational as a transload facility, the Port of Montana at Butte lost intermodal service in 2005 and no longer offers intermodal containerized services. Talks with the Union Pacific are underway to see if a new intermodal service could be feasible. This facility was served by both the Union Pacific and the BNSF. In 2004 the Port of Northern Montana at Shelby was closed, leaving the Billings, Montana intermodal facility that last remaining site in the state. This site however is not located on the primary intermodal rail corridor for the BNSF and offers limited services to select customers five days per week.

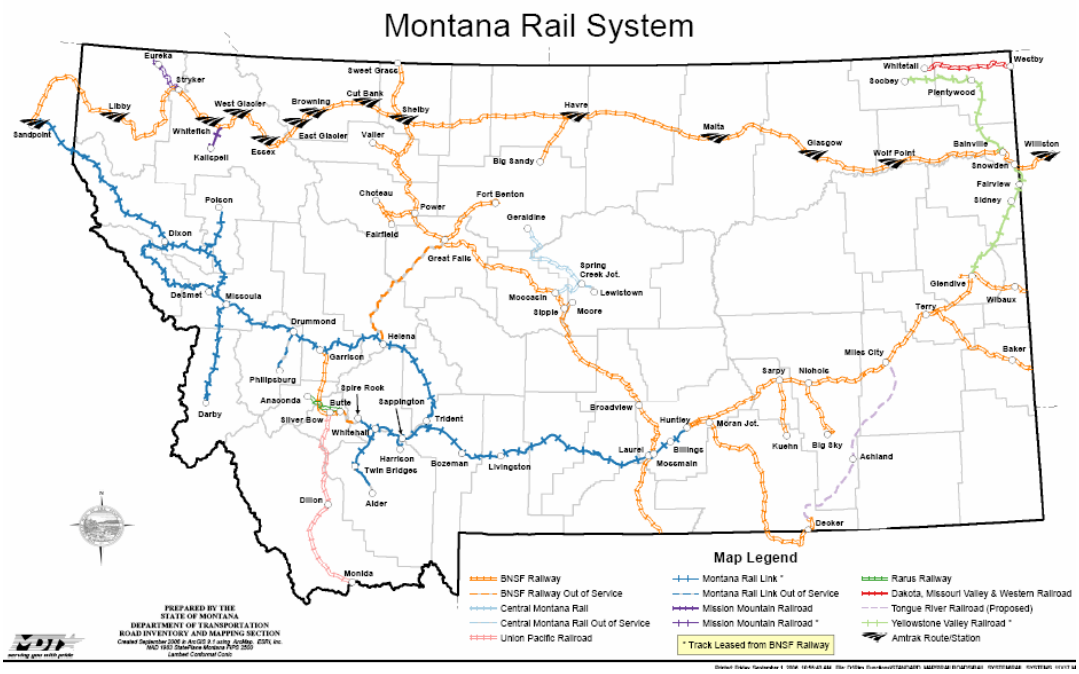


Figure 2 - Montana state rail system

BNSF

Rail networks are complex and individual corridors often define the regional business opportunities. The map below illustrates the four "empires" of Burlington Northern Santa Fe.

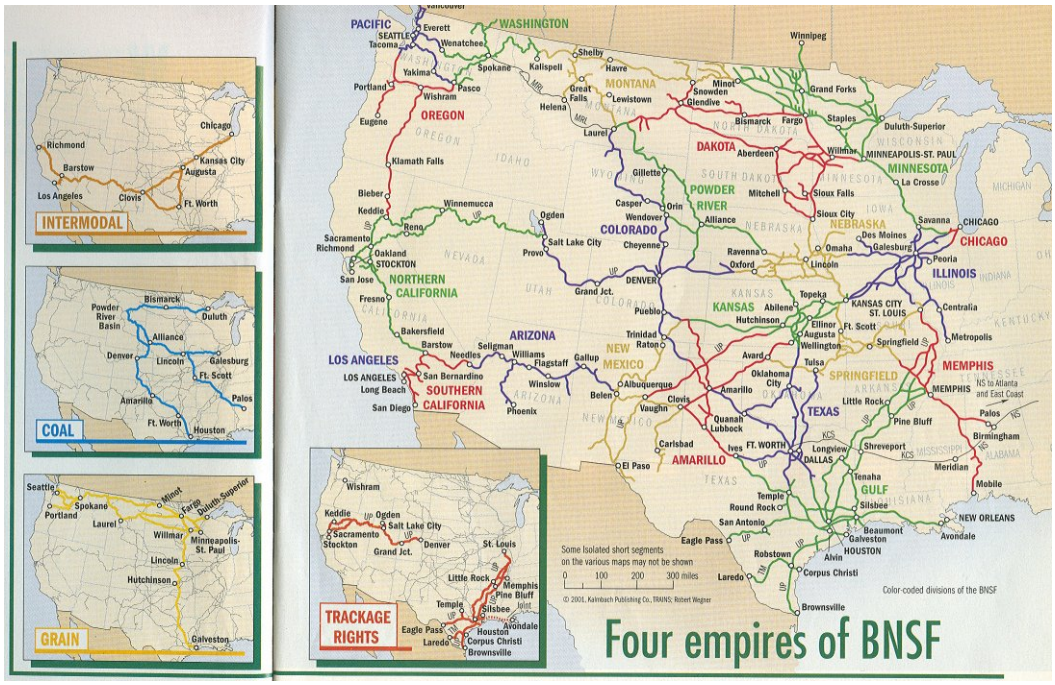


Figure 3 - Four empires of BNSF

For a schedule intermodal service to "fit" into the railroad's new business model, the State and users must understand the dynamics of the different business units within the railroad.

The BNSF intermodal network map below shows that Billings is a supported intermodal terminal within the network, yet service and rate information is limited. This terminal is located on the coal line for this carrier, which means access to intermodal service is limited. This map also illustrates that the primary intermodal corridor roughly parallels U.S. Highway 2. Intermodal opportunities of interest to the BNSF will likely be sited along the carriers "Hi-Line" which runs between Spokane, WA and Dilworth, MN.

Figure 4 - BNSF intermodal network

Union Pacific Railroad

Montana markets fall outside the core intermodal network of the Union Pacific Railroad. The Union Pacific Railroad discontinued scheduled intermodal service to Butte in 1994. While the Union Pacific still has rail access to Northwest and Southwest Montana, their rail connections to important West Coast deep water ports are circuitous. It will be difficult to promote a cost competitive and regularly scheduled service on these secondary rail connections. The figure below illustrates the Union Pacific's intermodal revenue split between international and domestic

business segments. For the first six months of 2006 the intermodal revenue for Union Pacific was up 19% (this includes both unit growth and price increases).

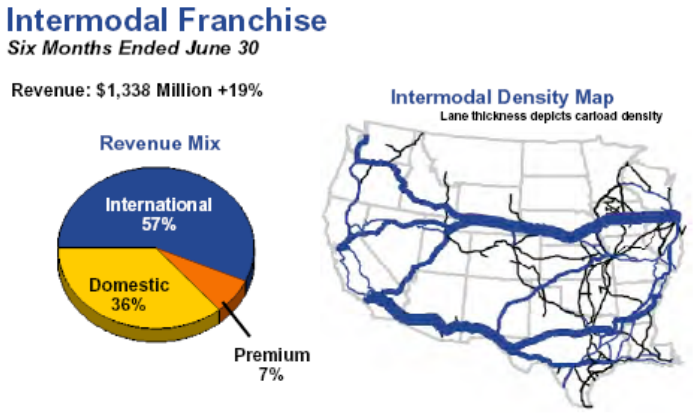


Figure 5 - UP 2006 intermodal profile

Contemporary Intermodal Freight Opportunities in Montana

Market pricing and rate structures are rooted in the efficiency of freight, the impact on the carrier's network and the cost to serve the location. New intermodal terminals today allow the carrier to access and exit the mainline railroad at track speed, much like cars entering a limited access highway. Terminals must accommodate the rapid handling of locomotive power and crew changes. Carriers today are looking to eliminate "work events" within the network by building large trains to limited destinations. The BNSF executives are all compensated based on the carrier's velocity. Montana will be successful if rapid efficient terminals can be managed and operated.

Network balance plays a key role in the profitability of a railroad. The map below shows the imbalance of freight in Montana (the red bars illustrate the originating tonnage and the blue bars indicate the inbound tonnage). The primary essence off this project is to develop a program that can successfully take the empty equipment moving through the state and reload it with products which originate within the region.

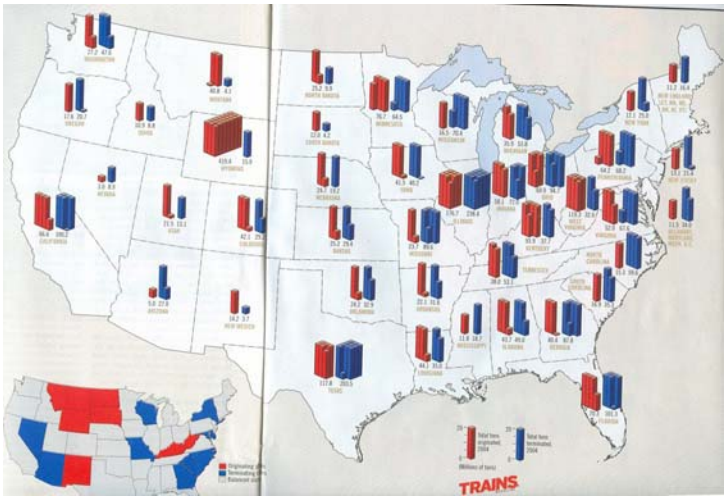


Figure 6 - Rail balance

Identity-preserved grains and other locally manufactured goods in Montana may be the answer for filling the empty containers. The chart below illustrates the growth in containerized grain exports since 1992. Unfortunately Montana has less than one percent of their annual export grain production moving in containers from Montana-based terminals. This is understandable given the terminal closures recently. Yet there seems to be strong interest on behalf of the value-added grain shippers in Montana, in exploring containerize opportunities. As the value-added grain business grows, farmers need a method to site certify grains for export. Transload operations at the deep water ports are often not acceptable to overseas buyers because absence of contamination can not be guaranteed. As China shifts from an agrarian nation to a manufacturing center, more grains will be exported to this country. As manufacturing processes become more sophisticated the demand for value-added grains will grow.

Figure 1. Animal Feed and Soybean Exports by 20-Foot Container, 1992-2002

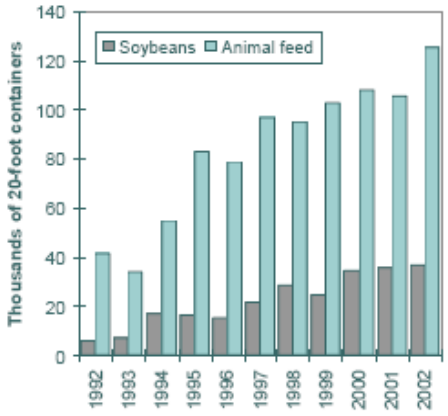


Figure 7 - Animal feed and soybean exports

Figure 8 - Container-on-truck being loaded with grain

3.2. Tasks

A phased-approach to this project is described below. The State and the Technical Panel will determine if additional phases of analysis (beyond Phase 1) are warranted.

3.2.1 Phase 1 – Shipper Identification and Demand Assessment

Phase 1 will identify previous intermodal users and potential new users who may benefit from the introduction of new scheduled intermodal service in the State of Montana. User requirements, freight volumes, and freight lanes will be defined. The PF Team will work with local Economic Development Councils, Chamber of Commerce groups, Carriers and Industry Trade Associations to identify shippers who may have interest or who may benefit from the development of intermodal service in the State. Previous research studies have also identified key stakeholders who will be contacted in this investigation.

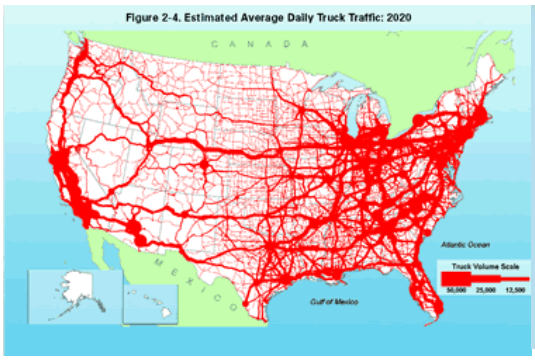
3.2.1.1 Literature Review and Original Research

This task will review the 2000 Montana State Rail Plan Update and the 2004 Rail Freight Competition Study. Other intermodal studies for North Dakota, the Washington State Rail Plan prepared in 2006, may also offer additional insights on railroad and intermodal investments and incentives. Transportation Research Board and other University based studies will be gathered to assess potential economic incentives in use worldwide.

Numerous containerized grain research projects and user groups have promoted the reloading of international containers with agricultural commodities. These studies will be documented and referenced. Case studies will identify terminal size and operating characteristics, volumes handled and user requirements. Efforts of companies specializing in reloading agricultural products, such as Scholar, will be detailed for the Technical Committees review.

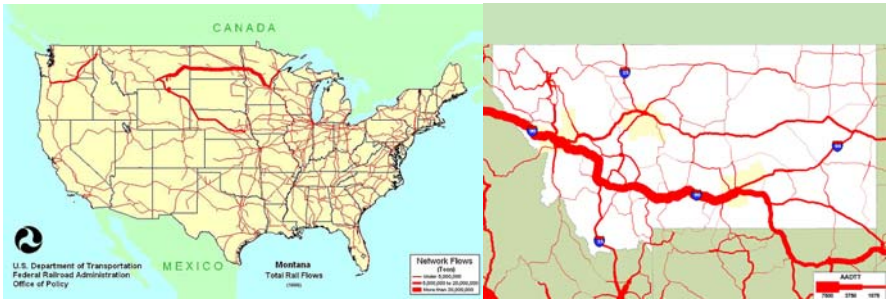
Interviews with key stakeholders will be conducted. These stakeholders will represent freight shippers and receivers, carriers, trade associations, freight facility operators and government entities that compile freight statistics. A two step process will be used to complete this effort. The first step will be to contact MPOs, Regional Development and Economic Development Agencies, Chambers of Commerce and the consulting groups who have done the demand assessments in prior studies, to identify potential users. The second step in this process will be to consolidate and enriched this survey group with current rail users, rail intermediaries, draymen, intermodal marketing companies, ocean and highway carriers and other freight stakeholders nationally and internationally.

We will contact the State DOT to collect any recent data about rail or truck shippers, and we will look at the various flows of freight in the region by commodity, lane, volume and mode. Truckload freight and rail carload freight will be analyzed carefully, looking at commodities and volume. The two maps below illustrate the rail and truck flows on a national scale; two other maps show the Montana freight flows. These maps illustrate that there is little freight density in the region. The opportunities to capture and divert freight and empty equipment passing through the state will be examined. The consulting team will be looking for load centering opportunities. We will use a rail driven methodology to assess the current volumes and modal splits. Standard conversion logic will be applied to determine total anticipated volumes and conversion potential.



NATIONAL TRUCK FLOWS

NATIONAL RAIL FLOWS



MONTANA RAIL FLOWS **MONTANA TRUCK FLOWS**

Figure 9 - Truck and rail flows

A survey will be developed to determine service requirements, cargo characteristics, potential volumes and transit time needs. Existing rates and competitive market drivers will also be assessed. This survey will be distributed in collaboration with the local economic development agencies, transportation associations, educational institutions and Chambers of Commerce. The consultant team will solicit the carriers and the existing and former rail users to participate. Surveys will be distributed throughout the state. It is anticipated that surveys will be distributed based on targeted business activities and freight density. We will ask public agencies to distribute the surveys via their email distribution list. Other surveys will be mailed.

3.2.1.1.1. Identification of Users by Geographic Region

The consultant team will identify geographic region profiles which will include shippers and receivers who express interest in the development of an intermodal service. These profiles will provide insights about the services needed at a proposed facility and the minimum level of services required in order for intermodal service to be competitive. These users will be clustered into groups which would potentially support an intermodal facility within the geographic region. It is unrealistic in many cases to assume that intermodal rates would be competitive if drayage lengths exceed 150 miles or if there is more than 10 -15% circuity in rail versus truck routes. These regions will also be described by the economic reach which is often a function of drayage rates coupled with line haul rail rates. The PF Team will request rate information from the users and carriers in an effort to define reasonably competitive intermodal regions within the state. These rates will include competitive truck rates, current transload rates for transloading operations and rail rates for loaded and empty containers moving to and from the State of Montana.

3.2.1.1.2 A Terminal Profile

Based on the information collected from the literature reviews, government data sources and surveys, a terminal profile will be created around potential load centers throughout the state. These load centers will be proposed to capture as much freight as is economically possible within a region. These locations will need to have rail service to the region, but rail terminals at this time are not a necessary prerequisite. Each profile will detail the following freight projections:

3.2.1.1.2.1 Annual volume estimate by commodity expressed in terms of container loads.

3.2.1.1.2.2 Monthly volume estimates with an explanation of seasonality factors and other market drivers that may influence loading volumes for both loaded and empty containers.

3.2.1.1.2.3 Freight lanes will be identified illustrating, domestic and international cargo movements. Lanes supporting outbound and inbound freight movements will be described.

3.2.1.1.2.4 A risk assessment of key intermodal drivers will be completed for each cluster and/or potential intermodal site. These key drivers will include volume and

service sensitivities, seasonal and trade related volatilities and origin market fluctuations.

3.2.1.1.3 Develop Montana Shipper Cost Model

Since trucking is the dominant transportation mode in the state, a trucking rate analysis will be performed. The users who participate in the survey will be asked to provide rate information. Truckers will also be surveyed and rate sheets and tariffs will be collected if publicly available. Data will be collected and a trucking model will be developed to segment long haul versus regional shipping rates. Data will be organized and reported based on the shipper clusters identified in the earlier tasks. Only full truckload rates will be collected. Team driver, Multi stop or LTL freight rates will not be included in this analysis. Truck availability will also be assessed. It is understood if the current supply of truck capacity is spotty, rates may fluctuate based on demand levels and/or seasonality.

A profile of trucking activities and market drivers by clusters will be completed. This analysis will document the availability of carriers, their average capacity, seasonal fluctuations and contracting protocols.

3.2.1.1.4 Document Current Intermodal Activities

In 2002 less than 1% of the total freight tonnage which originated or terminated in Montana moved via intermodal TOFC/COFC service. This task will document any movements which currently enter or leave the state. Inbound volumes by commodity, equipment ownership, rail terminal and lane will be identified. Outbound or backhaul COFC/TOFC volumes will be identified by point of origin, volume, equipment ownership, rail terminal and lane. Intermediaries involved in providing this service will be interviewed in the earlier task. They will be asked to forecast future freight volumes and business barriers and issues which may impact future growth.

Today many international containers are made empty in the Midwest. Many of these containers move westbound from Chicago origins and beyond, through the state of Montana to be returned to ocean carriers calling Seattle, Tacoma and Portland. These equipment owners will be interviewed to determine their interest in participating in an agriculturally based export program. Several barriers may exist to realizing this service, namely railroad empty repositioning rate structures and container transit time considerations. Every ocean carrier which calls Seattle, Tacoma and Portland will be interviewed to determine their interest and potential commitment to a westbound export reload program based in Montana.

3.2.1.1.5 Exploration of Railroad Incentives

There have been a number of intermodal terminals which have been established using public private partnership funding strategies. Some of these incentives have reduced the amount of capitol the railroad has needed to invest in a new, unproven location.

In New Mexico, Governor Bill Richardson and Union Pacific Corporation President and CEO Jim Young announced an agreement that will relocate 285 jobs to a new $150 million terminal facility at Strauss, N.M., about 4 miles west of Santa Teresa. In addition, Union Pacific has also agreed to begin construction of a new intermodal ramp at this location no later than 2015. Once operational, the ramp is expected to process a minimum of 100,000 container units annually.

"The partnership between Union Pacific and the State of New Mexico is truly historic, and it is another step toward fulfilling my promise to create jobs and build a high-wage economy that benefits the entire state." said Governor Richardson. "This project not only builds industry and creates good jobs, but also lays the groundwork to attract light manufacturing, warehousing and distribution facilities, which could potentially reshape the economy in southern New Mexico." The project will include a main line locomotive fueling station, a train inspection area and a rail facility.

Through efforts of the Governor and action in the 2007 session of the Legislature, New Mexico's gross receipt and compensating tax for locomotive fuel must be removed by July 1, 2009 as a condition for building the proposed 934-acre railroad facility. Many other states, including Texas, already have an exemption on railroad fuel taxes. In addition, Governor Richardson has committed $5 million to improve a county road connecting the Pete Domenici Highway in Santa Teresa with the new Union Pacific facilities in Strauss.

The new facility would be constructed on land currently held by the federal Bureau of Land Management and the New Mexico State Land Office. The process for Union Pacific to acquire the property could take up to 18 months, with construction beginning sometime in 2008 and an anticipated completion of the facility before the end of 2010. Although certain functions such as fueling, inspections and crew change activities would be transferred to the proposed facility in Strauss, none of the existing facilities in El Paso will be closed. The facility in El Paso is currently at capacity and traffic is expected to continue to grow.
Of the 285 jobs proposed at the Strauss facility, 205 would be either engineers or conductors and 80 mechanical employees that fuel or inspect trains.

These financial arrangements and organizational structures in the New Mexico example will be explored and evaluated for use in Montana. Some states such as South Carolina are able to provide income tax moratoriums, job training, infrastructure tax credits and interest free financing for freight facilities. Some inland terminals have organized their ownership structure to incent risk free carrier participation. These case studies will be documented to illustrate potential organizational benefits. A list of public and private incentives will be developed.

The rail carriers will be interviewed to determine what incentives or risk reducing strategies they would prefer if an intermodal facility is deemed feasible.

3.2.1.2. Intermodal Service Recommendation

Freight tonnage with access to Class 1 rail service is growing rapidly in Montana, yet access to intermodal service is declining. The PF Team will develop a recommendation based on user

input and statistical analysis which will identify the location (or locations) which may be viable to support intermodal service with origins or destinations in the State. The carriers will be interviewed to identify what level of support and or commitment and risk sharing will be necessary to realize a new intermodal service. Incentives and or public private partnerships may be needed to share the risk of development, and those tools and programs that would be suitable for Montana will be identified.

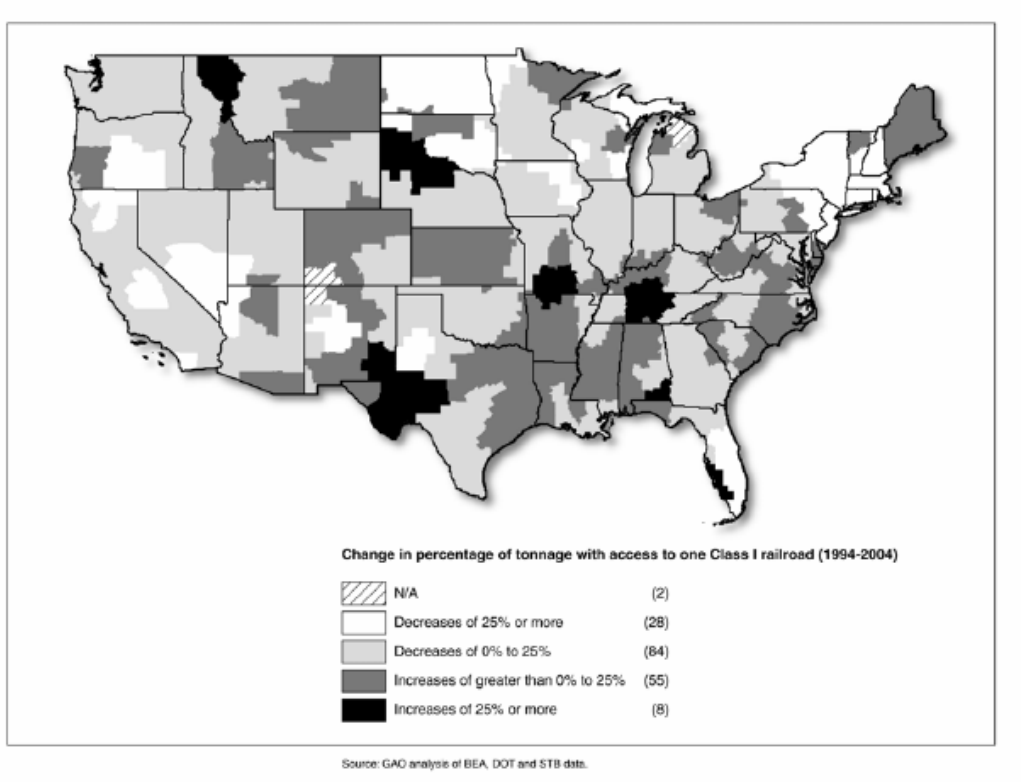


Figure 10 - Changes in access to Class I rail service

3.2.2. Phase 2

If, based on the results of Phase 1, the State and Technical Committee desire additional analysis, then a Phase 2 program will be undertaken. The following tasks may be of interest to the State.

3.2.2.1. Alternative Business Models

The Wisconsin Central (a Class 2 railroad which had many similarities to the Montana Rail Link operation) was successful in running small intermodal terminals to gather freight from rural areas in Wisconsin. This carrier operated three terminals with volumes which varied from 8,000 lifts per year to 26,000 lifts per year. They were successful for several reasons. They understood empty repositioning rates, they shared expensive terminals in urban areas and they designed service schedules to compliment Class 1 carriers who they interchanged with. The RFP does not specific looking at Class 2 carrier services. Montana Rail Link connects some of the more populated regions of the state to both BNSF and UP. It is possible that their business model might be an ideal compliment to fostering a new intermodal service start up.

3.2.2.2. Inland Port Analysis

As demand for intermodal services grow, new inland port models are emerging. There are several models which are complex in development and design, but that may be successful given the freight profile of Montana. In order to support the growing maritime activities one model which has been termed the "Satellite Marine Terminal" is growing and prospering in Virginia. There have been a number of economic development subsidies used to support this concept. This terminal is served by a willing Class 1 railroad and features a number of on dock port like services. A second model, labeled the "Agile Port", has been extensively studied by the Port of Tacoma. This model reduces the container dwell time at congested port terminals and allows the terminal to improve throughput capacity by off loading vessels directly to the train to be sorted and blocked at a terminal inland, which has more working room, lower labor and land costs. This type of facility is in use today by the BNSF in Clovis, NM. Integrated Intermodal Logistics Centers are being developed by BNSF and other Class 1 carriers in places like Chicago, Dallas and San Bernardino. These mega sites are located near large population load centers. The benefit of these centers is their ability to attract distribution centers and third party developers who bring private investment to the facility. New economic development models are being pioneered in Kansas City and Tucson. These sites are being developed to create jobs and to facilitate transportation infrastructure development as "trade processing centers". Both of these facilities are built upon the potential for NAFTA corridor trade growth.

This task would provide the Technical Committee with detailed profiles of the models which would appear to have the best chance of success in Montana.

3.2.2.3. Freight Stakeholder Awareness and Freight Pooling Activities

Potential users may not be aware of the benefits of an intermodal facility. As global trade has grown, many small companies outsource their freight transportation planning and rate negotiation. Freight Forums will be held in the top five potential intermodal markets. At this time it is anticipated that the following locations maybe good places to rally users. These locations may include but are not limited to: Billings, Missoula, Great Falls, Butte and Shelby. The objective of the Freight Forum is to introduce the concept of intermodal freight transportation and the key elements and advantages of this type of transportation product.

Based on the feasibility of a site in Montana, it may be necessary to develop a group of committed users who will be required to pledge certain volumes to realize the development of an intermodal terminal. The Union Pacific has developed an intermodal take or pay program recently and it appears to be working well. The concept of developing a Freight Stakeholders Cooperative will be discussed with interested users who would consider pooling freight volumes. Freight Cooperatives were used prior to deregulation and were a mechanism for users to pool committed volumes in exchange for more favorable rates. Freight transportation rates are typically lower for high volumes of freight.

Efficient freight is a current buzzword used by carriers that evaluates the level of service necessary to handle the cargo. With activity based costing, many transportation companies can

assess the profitability of each customer and each line of business. The forum will also discuss the concept of eliminating the extra costs associated with freight and will provide hands on training on how to make your existing freight more attractive to carriers. A scorecard will be developed to allow for users to self evaluate their freight profile.

If it is determined that a Cooperative is attractive, this effort must include a lawyer to make sure that no anti-trust issues created. The cost for legal services will not be part of this contract. The consultant can guide the early stages of organization and can provide suggestions and alternative organization structures to suit the needs of the users. A Freight Shippers Cooperative is likely the best way to spread this risk for the shippers yet meet the needs of the carrier.

3.2.2.4. Service Design and Network Analysis for Alternative Services

Ultimately the rail network is a private asset. Any proposed operation must fit within their current business model. The PF Team will explore traditional service models as well as the feasibility of non-traditional operations such as the CP Expressway service and other equipment technologies. It is anticipated that any new Class 1 railroad service may be based on a “take or pay contract”. This type of arrangement is currently being used along the I-5 corridor by the Union Pacific. This tool requires commitment of the truckload carriers in an under-utilized lane. The “take or pay” contract assures the service is offered on a scheduled basis and commits the users to minimum volumes. In order to start intermodal service in Montana, a similar model may be necessary.

Non-traditional operations are also emerging. CP rail service is targeted at trucks but could also handle containers. The idea is a nimble terminal and quick short trains between point pairs. Northwest Container Services provides terminal operations at several ports and inland facilities linked to international deep water gateways such as Seattle, Tacoma and Portland. They own their own fleet of well cars and purchase train starts from both BNSF and UP to shuttle equipment 3 days a week between seven point pairs. This service could potentially link Billings, Missoula and Spokane markets on a fixed day of the week schedule.

Figure 11 - Intermodal operations at CP Expressway

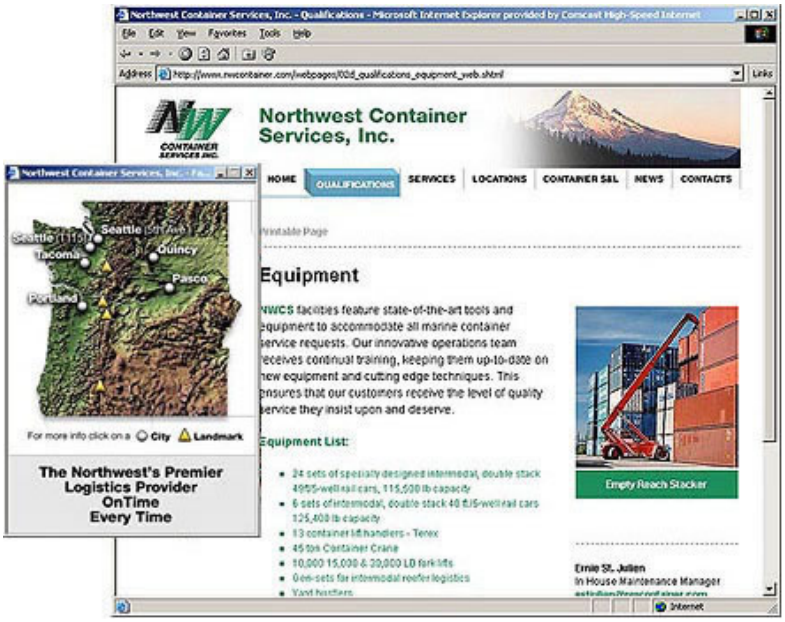


Figure 12 - Northwest Container Services

Service design will impact the user's ability to take advantage of rail service. The consultant team will look at the current rail network flows and at terminals within the network to determine train service and equipment availability. Several alternatives will be explored. It may be more cost effective to have a third party operator shuttle equipment between the terminals which will feed BNSF. The advantage of this business model is that a third party operator often has lower labor and equipment costs than a Class 1 operation. Other equipment technologies might also be considered if an operating window on the main line can be purchased from the carrier.

Figure 13 - RailRunner and RailMate TOFC/COFC

In today's intermodal market, the railroads own little equipment. The steamship carriers, highway and intermodal marketing contract holders manage the equipment. These equipment flows unfortunately are often significantly impacted by empty repositioning rates. In the demand assessment the consultants will interview the ocean carriers who are currently serving the markets of Winnipeg, Minneapolis and Dilworth. The intent is to develop a logistics network for them, anchored out of Montana terminals.

3.2.2.5. Potential Port Partnerships

Seattle, Tacoma and Portland will all struggle to meet the forecasted demand for 2020. The following figure of anticipated global trade volumes for 2020 illustrates the anticipated growth for each of the top 10 North American container ports.

Figure 14 - Container growth at U.S. ports

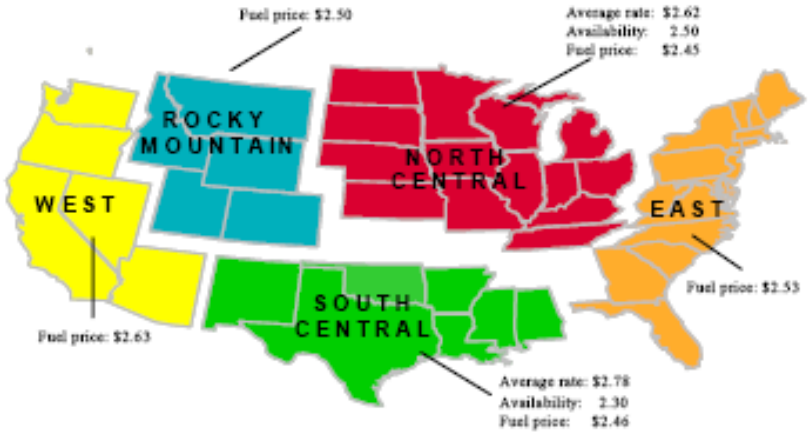
The Ports of LA and Long Beach physically cannot handle more than 43 million TEUs (Twenty-foot Equivalent Units, a common measure of containerized shipping), even if they worked 24/7 and achieved 11,000 TEU/acre productivities rates. Short of new land and local public support there will be more demand than these ports can handle. Much of this volume will seek gateway access via the ports of Seattle, Tacoma and Portland. These ports are also constrained by land shortages and the availability of terminal space. A partnership with these ports may be one element in a strategy to create a load center in Montana. Portland and Tacoma have publicly express interest in land opportunities outside of their state boundaries.

The ocean vessel fleet is getting larger. More than 40% of the container fleet in 2010 will be too big to fit through the Panama Canal. When an 8,000 TEU vessel calls a port, 70% of the volume moves inland. For example when Evergreen calls Tacoma, more than 23 trainloads of

freight are generated. Few North American terminals can handle these large ships. Landside infrastructure is essential for these ports and ocean carriers. Montana might be a place where import freight from PNW gateways could come to rest and be resorted into trainload lots to Midwest markets.

Truck Transportation

Figure 1
U.S. Grain Truck Market Advisory, 1st Quarter 2006



[1]Average rate per loaded mile, based on truck rates for trips of 25, 100, and 200 miles
Note: Fuel prices are a quarterly average (unit per gallon) Fuel price data source: Energy Information Administration U.S. Department of Energy, www.eia.doe.gov

Table 1
U.S. Grain Truck Market Overview, 1st Quarter 2006

Region	25 miles	100 miles	200 miles	Truck availability	Truck activity	Future truck activity
	[1]Rate per mile			1=Very easy to 5=Very difficult	*Quarterly Rating* 1=Much lower to 5=Much higher	
National average[2]	**3.71**	**2.46**	**1.97**	**2.3**	**2.7**	**2.9**
North Central region	3.60	2.35	1.90	2.5	2.8	3.1
Rocky Mountain	4.40	3.52	1.51	1.5	3.0	3.0
South Central	3.85	2.36	2.12	2.3	2.5	2.5
West	n/a	n/a	n/a	n/a	n/a	n/a

[1]Rates are based on trucks with 80,000 lb gross vehicle weight limit
[2]National average is based on rates received from various states, but not every state is represented.
Source: Transportation and Marketing Programs/AMS/USDA

Quarterly Truck and Ocean Report 1 June 8, 2006

Figure 15 - Overview of U.S grain truck market

Trucks are still the competitive benchmark in the transportation industry. The consultant team will assess the competitive trucking rates in order to determine one aspect of the competitive freight market.

Carrier point to point rates will be analyzed for freight to from and through the study area.

Drayage rates will also be analyzed. The number of bob tail moves and empty reposition moves will also be assessed. Trucking rates will be compared to other regional intermodal facilities in Minneapolis, Winnipeg and Dilworth.

The table below illustrates the approach the consultants will use to establish a competitive rate structure for Montana. The table illustrates grain from Iowa. It is anticipated that there are other manufactured products which may also benefit from creating a logistics load center for the region. Flows to and from Montana will be considered in the analysis. It is expected that if less than trainload volumes can be generated, the costs for the service may not be competitive.

Container vs. Truck & Bulk Shipment of Specialty Grains
Cost per Ton

Soybean Shipment from Iowa to Japan, via Seattle

			Container		Truck		Single Car		Unit Train	
	Cost per Ton	Unit for Input	Input	Cost	Input	Cost	Input	Cost	Input	Cost
Capacity		Tons	20		25		90		4500	
On-Farm Storage	0.67	Month	3	$2.00	3	$2.00	1	$0.67	1	$0.67
Inland Elevator Storage	1.00	Month		$0.00		$0.00	3	$3.00	3	$3.00
Farm Handling	0.33	Handle	1	$0.33	1	$0.33	1	$0.33	1	$0.33
Inland Elevator Handling	2.66	Handle					1	$2.66	1	$2.66
Port Terminal Handling	1.33	Handle			1	$1.33	1	$1.33	1	$1.33
Haul to Farm	0.14	Mile	18	$2.50	18	$2.50	18	$2.50	18	$2.50
Haul to Elevator (round-trip)	0.07	Mile		$0.00		$0.00	15	$1.07	60	$4.26
Inland Drayage	0.05	Mile	50	$2.40						
Inland Truck Freight*	0.03	Mile			3,644	$109.32				
In-land Rail	Input	Input						$30.00		$27.22
Ocean Freight	13.00	Trip			1	$13.00	1	$13.00	1	$13.00
In-land/Ocean Freight	60.00	Trip	1	$60.00						
Marketing Costs	8.00	Hour	1	$8.00	0.8	$6.40	0.2	$1.78	0.004	$0.04
Repositioning (Repo)										
Special Handling (eg bagged)										
Total Estimated Costs/Ton				$76.28		$134.88		$58.33		$65.00

*Short Ton - 2000 lb. **50% Backhaul

Figure 16 - Container vs. truck for bulk shipment of specialty grains

3.2.2.6. Terminal Operation Design Configuration and Business Plan

Terminals are the highest cost element of any intermodal operation. The function and the service execution at these facilities often impact the satisfaction of the users. To attract ocean containers

for export reload opportunities, other container support services may be needed. A facility to allow for the reloading of empty equipment with bulk grains may need to be on site. Other physical support requirements may also be required such as maintenance, repair and storage services.

A business plan will be developed to illustrate the infrastructure and labor costs associated with the development of a terminal in Montana. Train volumes, service schedules, storage requirements and equipment handling functions will be estimated, based upon the user requirements identified earlier. An operating plan will be detailed to include the number of tracks, track length, hostlers, gates and number of parking spaces required at each location. This business plan will estimate a base case and a future growth scenario for financial planning purposes.

3.2.2.7 Policies and Procedure Manual

A policy and procedure manual will be developed detailing standard operating procedures and carrier requirements. Any user of these facilities will have to be bound by the operating expectations which may be different than typical intermodal interchange agreements. A companion document will be prepared outlining freight user expectation and requirements. It is important to note that the railroad typically regulates free time at the terminal and equipment use provisions. In this new service offering, if the terminal is publicly owned, these terminal rules and regulations will likely need to be revised. If third party operators such as Northwest Containers or others are selected as terminal operators, a new ownership structure may be warranted.

The PF Team will facilitate the railroad negations with the third party vendors. Facility operators will be required to work closely with committed users and an established communication process will be set up. Forecasts will be jointly developed and shared. An exceptions policy will be jointly agreed upon. The consultant team could be available to be onsite for the first two weeks of operation.

The railroad and the operators will be rated and scored on a performance criteria using standard intermodal metrics such as train arrival, departure and grounding on-time. Gate transaction time, terminal dwell time and equipment availability will also be measured. For the first year of operation a railroad monthly performance report will be generated. A terminal performance report will also be produced. Two customer satisfaction surveys will be undertaken involving carriers and freight stakeholders. The first one will be conducted within 60 days of terminal opening. The second will be six months after the launch date.

3.2.2.8. Marketing Tools for Public Agencies

Economic Development Agencies, Chamber of Commerce offices and State officials need to be provided with marketing tools and information to respond to new business start ups in the region.

A brochure could be developed by the PF Team highlighting the features and benefits of the new service offering. Maps illustrating catchment areas and a Shipper Tool Kit will be developed to help inform facility users about intermodal service and logistics information. This Tool Kit will identify public agencies which may be able to help with Economic Development programs and local trade and transportation clubs where more information about the area might be found. Press releases will be prepared for local and national publications.

3.3. Meetings and Reports

The PF Team hereby understands and will comply with all requirements as set forth in the Request for Proposals (RFP Number: 308128-RP), Section 3.3, including items A through I.

The research team believes that keeping the sponsor informed throughout the project is crucial to the project's success; therefore, a project management task will be added to the scope of work. This task will include the kick-off and final meetings, as well as a mid-term meeting if necessary. Quarterly progress reports will also be created as a part of this task.

The Project Team believes its approach to the tasks (and subtasks), including its method of providing reports, will ensure a quality product for the Montana Department of Transportation.

4. STATE'S RIGHT TO INVESTIGATE AND REJECT

The PF Team understands the terms and conditions of RFP #308128 RP.

4.1. Offeror Informational Requirements

The PF Team understands and will comply with information needs of the State as outlined in RFP #308128 RP.

4.1.1. References

B. Todd Mosby
Executive Director
Gibson County Chamber of Commerce
202 E. Broadway Street
Princeton, IN 47670

(T) 812.385.2134
(F) 812.385.2401
(C) 812.677.1787

executivedirector@gibsoncountychamber.org

Prime Focus identified the Rural Development Action Grant as a source of funding and teamed with R. L. Banks and Associates to accomplish the feasibility study. Ms. Ogard was responsible for 50% of the work and contributed to every phase of the project including the supporting documents needed to close out the final grant payment from the State of Indiana. This project was written in August of 2004 and was completed in August of 2006. Project Budget: $141,000

Jeannie Beckett
Port of Tacoma
P. O. Box 1837
Tacoma, WA 98401

253-383-9465

jbeckett@portoftacoma.com

Prime Focus completed two projects for the Port of Tacoma, the first was contributing to the development of the inland rail strategic plan and the second was to identify potential warehouse site preferences for truckers serving the port complex. These two projects ran from March 2004 through October 2005. Project Budget: $50,000

Dr. Richard Stewart
University of Wisconsin Superior
P. O. Box 2000
Superior, WI 54880

715-394-8547

rstewart@uwsuper.edu

Prime Focus has worked on three projects with the University of Wisconsin Superior. The first project was a feasibility study which was launched in June of 2001 and completed roughly 18 months later which assessed the feasibility of an intermodal terminal in the twin ports of Duluth Superior. The second study was an "Evaluation of Shipper Requirements and Rail Service for Northern Wisconsin and Michigan" This study was launched in May of 2005 and completed in July of 2006. The third study is still underway which is evaluating pavement damage as a result of modal conversion from rail to truck. Project Budget: $200,000 for Rail Study; $160,000 for Twin Ports Study.

4.1.2. Resumes, Company Profiles, and Experience

Prime Focus LLC Libby Ogard has worked in the transportation and logistics field for over 29 years. For nine years Ms. Ogard worked for Burlington Northern Railroad, for a portion of that time she was located in Whitefish and Missoula, Montana where she was involved on the track and switch crew for the railroad and was actively involved in train operations. In 1981 Libby joined the marketing and pricing department for Burlington Northern Railroad and negotiated a variety of rates and contracts with soda ash, food and lumber shippers.

At Conrail Libby was responsible for the regional sales and marketing efforts for Conrail's intermodal and international divisions. Ms. Ogard was involved in the contract rate negotiations with American President Lines, Hyundai, Hanjin, OOCL, NOL and all of the Intermodal Marketing Companies located west of the Rocky Mountains, which included Riss Intermodal, LDS ITCO, APDS, Bay Area Piggy Back, Streamline Shippers Assoc, Alliance and Conway Intermodal.

In 1993 Libby joined Schneider National in Green Bay, WI and was responsible for building out the Truckrail network. She negotiated intermodal rates with Burlington Northern, Santa Fe, Union Pacific, Canadian National, Canadian Pacific, Conrail, Norfolk Southern, CSX , KCS and the TFM (Mexican Railroad). During her tenure as a Director of Truckrail she purchased over $495 million of transportation services, both truck and rail. In 1995, Ms. Ogard was tasked with launching a non asset based division for Schneider National. For OPTIMODAL, she negotiated the rail contracts for railroad containers and with steamship operators for ocean containers. She developed a core carrier drayage policy and procedures manual for all cartage providers.

In 2001, Ms Ogard launched her own firm, Prime Focus LLC. Over the past 5 years Ms. Ogard has planned intermodal terminals for the Port of Pasco and developed strategic intermodal operating plans for the Port of Tacoma. As a brief employee of Wilbur Smith she worked on the L. A. Multi County Goods Movement Action Plan and the Atlanta Regional Commission study looking at freight mobility.

For North Dakota, Libby has been an invited speaker at several important intermodal events. For AASHTO at the UPGTI program in 2001, she addressed the needs for containerized intermodal movement. She has presented at workshops for the Fargo and the North Dakota State DOT. In March 2006 she was a speaker at the Northern Plaines Shippers Conference in Bismarck.

Libby recently completed intermodal facility demand studies for Duluth/Superior WI, Evansville, IN and for Marion County, SC. She is currently working on a project for Coos Bay, Oregon which is assessing the feasibility of an intermodal container port.

Prime Focus will be the project manager and will oversee the development and the delivery of the project.

RMACK LLC

Robert Sleeker has recently joined the consulting ranks after a long history in the private sector. Robert has been involved in trucking, rail and intermodal terminal design. Mr. Sleeker is very well connected to the railroad and operating transportation community.

The Western Transportation Institute

The Western Transportation Institute (WTI) is the nation's largest transportation institute focusing on rural transportation issues and is designated as a US Department of Transportation University Transportation Center. The Institute was established in 1994 by the Montana and California Departments of Transportation, in cooperation with Montana State University – Bozeman. As a result, WTI has more than a decade of experience working in direct collaboration with MDT on projects within the state. Many of these projects have centered on efforts to enhance the content of transportation information available to Montana residents, as well as expanding access to the information through deployment of advanced technologies.

The Western Transportation Institute will play an important role in the identification of shippers and public agencies who may have data to support our research and analysis. WTI brings a wealth of survey design and tabulation expertise and their state of the art facilities will be used as a research hub during the project.

4.1.2.1. Resumes

Resumes are included on the following pages.

Elizabeth E. Ogard

Prime Focus LLC

918 Fox River Drive
De Pere, WI 54115

Phone: 920-217-7222
Email: logard@new.rr.com

CAREER SUMMARY

Accomplished logistics manager with expertise in supply-chain management, transportation operations, third party outsourcing, market development, international logistics and electronic data interchange implementation. Negotiated multi-million dollar service contracts with key logistics vendors and third parties to accomplish customer specific distribution goals. Demonstrated expertise in developing and managing long term contractual alliances with railroads, motor carriers, ocean carriers, and third parties. Experienced in supply chain optimization and service delivery for Fortune 100 Retail Companies such as Home Depot, Target, Family Dollar, Walgreens, Staples, and J.C. Penney's.

PROFESSIONAL EXPERIENCE

Rail Transportation

- Managed the $350 million international portfolio and service contract negotiations for Conrail's Western Region, Intermodal division. Customers included American Presidents Line, Neptune Orient Line, OOCL, K-Line, Hanjin, Hyundai.
- Increased Conrail revenues by 12-15% per year by working with international carriers to expand geographic service in the North Eastern United States.
- Developed point of sale information, videos, brochures and sales training workshops for Conrail customers designed at increasing market awareness of distribution centers and public warehouses served by Conrail to increase traffic in Conrail territory.
- Implemented program to improve the double stack economics to New England for mini-land bridge traffic through a fillet operation in Syracuse, NY
- Negotiated CFS and CY contracts with ocean carriers for services provided at Conrail terminals in NY, NJ, PA, MD, MA, OH.
- Designed and implemented a paperless electronic account settlement program which improved DSO by 12 days on average with each intermodal customer.
- Managed and monitored terminal productivity and dwell time for each customer.

National Rail Network Design

- Designed Schneider National Truckrail network. Negotiated rail service contracts in North American and Mexico.
- Launched intermodal services in Mexico using satellite technology and composite 53' intermodal trailers.

- Designed and implement modal conversion logic to screen each load tendered to determine optimal mode with respect to service expectations.
- Evaluated make versus buy drayage decisions in new market areas
- Implemented a core carrier drayage program, which evaluated and measured dispatch and delivery performance of all partner carriers.
- Implemented ISO 9002 training program and vendor compliance programs.
- Conducted sales training program and designed sales commission program to target specific modal segments.

Supply Chain Management

- Developed a program to respond to Home Depot same day logistics needs, set up a customer service center, which accepted 30 or more same day load tenders.
- Managed 300 driver dedicated service delivery program for Family Dollar and achieved 98% on time delivery. Pioneered a backhaul program to improve load/empty utilization of the private fleet.
- Developed an international deconsolidation program for Walgreen's which cross docked international containers to a 53' domestic container program with saving potential of $740,000 annually.
- At Schneider National grew the Target account by $28 million through the successful design of international, domestic vendor pick up and store delivery business segments. Won the Wilton, NY distribution center contract for inbound and outbound truckload services. Managed a dedicated fleet to support the Albany, Oregon Distribution Center.

Transload Facilities

- Analyzed a roll on roll off barge operation for a Texas based Chemical Company, which was served by only one rail carrier. The service linked points on the inter coastal waterway to Galveston, TX. A second operation linking Tampa, FL to Mobile, AL was also evaluated.
- Established 2 bulk soda ash transload facilities in WY, which opened new markets and increased annual sales by $20 million for the rail carrier.
- Launched three lumber reload centers in Missouri, which brought full carloads of forest products into a center and distributed the product in truckload quantities to the local market.
- Established a carload forward warehouse program for the USDA school lunch program. Full carloads of canned goods moved to a distribution center, which then provided truckload deliveries to the local market.

Truck Transportation

- Evaluated driver productivity and work associated with two retail distribution facilities.
- Managed the store delivery network for Target Store's Albany, OR distribution center and a service territory, which covered the 116 stores in the Pacific Northwest.
- Reengineered the drayage dispatch program to improve driver utilization in Chicago and Memphis for Schneider National Truckrail Division.
- Managed a 14-member customer service team for Schneider Truckrail division.

EMPLOYMENT HISTORY

• Wilbur Smith Assoc	Director Intermodal	2005-2006
• Prime Focus	Principal-Consultant	2001-pres.
• Tioga Group	Sub contractor	2000-2004
• Schneider National.	General Manager Truckrail	1993 -2000
• Conrail	West Region Sales Manager Intermodal	1985-1993
• Burlington Northern Railroad	Market and Pricing Manager	1977-1985

EDUCATION

- M.B.A., University of St. Thomas, St. Paul, MN
- B.A.,Business and Communications, Michigan State University, Lansing, MI

PROFESSIONAL PUBLICATIONS

- "*Evaluation of Transportation Organization Outsourcing; Decision Making Criteria for Outsourcing Opportunities"* published in conjunction with University of Wisconsin Milwaukee.2003
- *"An Evaluation of Asset Management Practices in Private Sector Transportation-Related Organizations"* published in conjunction with University of Illinois Chicago.2002
- "*Best Practices for linking strategic planning to resource allocation and implementation decisions using elements of a transportation asset management program*" published in conjunction with University of Illinois Chicago.2003
- "*Evaluation of Shipper Requirements and Potential Cargo Required to Establish a Rail-Truck-Marine Intermodal Terminal in the Twin Ports of Superior, Wisconsin and Duluth, Minnesota*" published in conjunction with University of Wisconsin Superior. 2003
- "*Containerization Trends for Agricultural Export Products*" prepared/published by AASHTO.2001
- "*Multi Jurisdictional Freight Corridor Planning Case Studies*" prepared for TRB Conference 2002
- "*Intermodal Terminal Requirements for Small to Medium Size Communities: A Case Study Analysis*" prepared for TRB Conference 2004.
- "*A Model Process for Linking Asset Management to Strategic Planning*" prepared for TRB Conference 2004.

RECENT CONSULTING PROJECTS

- "Port of Tacoma Intermodal Strategic Planning" Identified six key areas for market expansion, inland port partnerships, rail line management and a more sophisticated customer yield and segmentation analysis.
- "Operation Safe Commerce" Analyzed and assessed seven global supply chains for chain of custody vulnerabilities and seal integrity.
- "Truck Trip Generation Modeling" Designed a logistics base supply chain modeling tool to predict truck trips based on site location function within a supply chain.
- Assessment of North Dakota Intermodal terminal design and site requirements

- Secured Economic Development Grant money for a jointly served Intermodal freight Terminal in Southwest, Indiana and completed a demand analysis and business plan for a new facility.
- Evaluated potential for freight ferry service between Lake Michigan Ports
- Oakland Truck Study to determine parking requirements and regional trucking patterns.
- Port of Philadelphia inland port study to identify support facilities and requirements.
- Detroit Intermodal Freight Terminal design and public outreach process.
- Port of Pasco intermodal terminal design.
- Port of Pasco marketing and trade brochure.
- Port of Coos Bay International trade lane study
- Northwestern Wisconsin Rail Study and Shipper Tool Kit Development
- Pavement damage assessment due to modal shifts
- Southern California Multi County Goods Movement Action Plan
- Atlanta Regional Commission Freight Mobility Study
- Gulf Port, Mississippi update of 2030 MPO freight plan (Post Katrina impacts)
- Florida Intermodal System Analysis Survey of Sand and Gravel Industry

PROFESSIONAL ASSOCIATIONS & CERTIFICATIONS

- **Transportation Research Board** 2001- Present
  - Member Transportation and Logistics Committee
  - Member Intermodal Freight Committee
  - Member Agricultural Transportation Committee
  - Friend of Urban Freight Transportation Committee

- **Certified Master Sales Program** Lytle Program, Madison, WI
- **Karass Negotiation Program** Green Bay, WI
- **Council of Logistics Management** Track Chairperson 2000, 1999 & 1992

  Roundtable President

- **Intermodal Association of North America** Board Member 1998-2000
- **Chicago Area Transportation Study** Communications Chairperson

  Produced an outreach brochure

- **Chicago Metropolis 2020** Advisory board member

- **Eno Foundation –** Participated on an international committee to address Intermodal Freight Transportation Policy in Europe and the US, proceedings published in 1998.
- **Certified Wisconsin DBE - March 2006**
- **National Academy of Science** – Appointed to a working committee, coordinated by Transportation Research Board to make recommendations on changes and programs associated with the reauthorization of the Intermodal Surface Transportation Act. The Committee published findings in the 1998 publication "*Policy Options for Intermodal Freight"*
- **City of Hayward California –** City Council Commissioner - Chairperson of the Economic Development Block Grant Program. Awarded $1.3 million in grants annually.
- **Village of Ashwaubenon** – Planning Commissioner, established TIF district for redevelopment area and established a defined industrial development park.

ROBERT M. SLEEKER
RMACK
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sleekerr@bellsouth.net

PROFESSIONAL EXPERIENCE & MAJOR CAREER ACHIEVEMENTS

OMNITRAX, Inc., Denver, Colorado 2004 – Present
OmniTRAX is a privately owned operator of short line railroads, locomotive servicing and intermodal services doing business with the Class I railroads in the U.S. and Canada.

Consultant
Effective September 2006, entered into a consulting agreement with OmniTRAX to assist and advise senior management on business development and financial projects for the intermodal and automotive business units.

EVP – Intermodal
Responsible for the full profit and loss, business development and safety of OmniTRAX's affiliated company, Quality Terminal Services, LLC which operates intermodal and automotive terminal services under contract to the Class I railroads including the loading and unloading of rail cars, equipment maintenance, and administrative services. QTS has annualized revenue of $45,000,000 and over 700 employees.

- In the first full year at OmniTRAX, improved operating income by 216%.
- Expanded the number of operations from 8 to 13 facilities.
- Developed a new line of business in the area of rail automobile distribution.
- Successfully renewed 6 contracts with the Class I railroads.
- Successfully renegotiated two union contracts and negotiated one additional contract.
- Reduced OSHA frequency of recordable injuries in each of the two years.

CSX INTERMODAL, Jacksonville, Florida 1991 – 2004
CSX Intermodal is a nationwide intermodal rail operation with an internal trucking group with revenues of $1.3 billion.

AVP — Terminal Operations, (Jacksonville) 1996 - 2004
Senior level position with budgetary responsibility in excess of $250,000,000 and over 700 company employees.

- Over a four year period of time demonstrated continuous improvement in levels of safety, service and costs for intermodal terminal and trucking operations including:
  - Terminal OSHA Reportable Injuries — reduced 49% per 200,000 man-hours
  - DOT Preventable Accidents — reduced 27% per million miles
  - On-Time Train Release — maintained consistently at 96%
  - Terminal Cost Per Load — reduced costs per load by $7.91 system wide while handling over 2 million annual loads.

- Planned and implemented the successful integration of 15 Conrail intermodal rail terminals into the CSX Intermodal network,
- Changed labor strategy to save in excess of $1 million annually
- Reorganized CSX Intermodal trucking operations to maximize the profitability of its rail franchise while maintaining the owner operator base at 400, minimizing turnover and reducing the administrative staff by 50%.

General Manager - Northern Region and Midwest Region (Chicago) 1993 - 1996
Responsible for all terminal and trucking operations within the northern half of CSX Intermodal's field operations.

General Manager - Equipment Maintenance 1991 - 1993
Responsible for all equipment maintenance for trailers, containers, chassis and power equipment, including lift machinery.

- Reduced maintenance costs over $1 million annually.

MILBURN TRANSPORT, INC., Kansas City, Missouri 1988 - 1991

President and Co-Owner
Long haul and contract motor carrier operating principally to and from Laredo, Texas and points in the eastern half of the U.S. Operated 15 company owned trucks with annualized sales of $3 million.

- Achieved profitability within three months of start-up.

AMERICAN CARRIERS, INC/AMERICAN FREIGHT SYSTEM, INC. 1986 - 1988

Senior Vice President, Administration, Overland Park, KS
AFS was a top 10 LTL carrier with annual revenues of *$350* million with operations throughout the mid west and southeast, Responsible for market development and administrative support. Following the acquisition of ARA Smith's, relocated to Staunton, Virginia as Senior Operating Officer while under ICC temporary authority and planned and executed the integration of Smith into AFS.

OVERLAND ENTERPRISES/MANLEY TRUCK LINE, INC., Overland Park, KS 1977 - 1986

President, Manley Truck Line (1980 - 1985)
President of Overland Enterprises (1985 - 1986)
Overland Enterprises was a diversified, family owned company with operations in trucking, interstate truck stops and fast food franchises. Held a variety of senior positions within the company, reporting to the owner.

- During five years as President of Manley Truck Lines, took over an unprofitable operation and grew sales by 290% culminating in its most profitable year in history.

EDUCATION

- Master of Science, Industrial Administration - The Krannert School, Purdue University
- Bachelor of Science, Electrical Engineering - The Virginia Military institute

PROFESSIONAL ORGANIZATIONS & OUTSIDE AFFILIATIONS

- Intermodal Working Committee, American Association of Railroads
- IANA Operations Committee
- Board of Directors, Spinnakers Reach II Homeowners Association (past President)
- Board of Directors, The Belt Railroad of Chicago
- Executive Board, Missouri Motor Carrier Association
- Board of Directors, Regular Common Carrier Conference American Trucking Association
- Board of Directors, MoKan Labor Conference

Michael H. Cole
Assistant Professor, Montana State University
Researcher, Western Transportation Institute

Education

1995 PhD, Industrial & Systems Engineering, Georgia Institute of Technology

1990 MS, Operations Research, Georgia Institute of Technology

1988 BS, Industrial Engineering, Texas A&M University

Professional Affiliations

Professional Engineer (Arkansas)

Member, Institute for Operations Research and the Management Sciences

Member, Institute of Industrial Engineers

Key Qualifications

Dr. Cole has over 10 years experience in developing mathematical models and computer systems that aid the design of efficient and effective freight logistics networks.

Employment History

2002-present Assistant Professor, Montana State University, Bozeman, MT
(Industrial & Management Engineering Program)

1995-2002 Assistant Professor, University of Arkansas, Fayetteville, AR
(Industrial Engineering, Transportation Engineering)

Key Project Experience

Empty container management for container-on-barge (COB) transportation

This project developed a mathematical model to consider the effects of pooling empty containers in making container-on-barge intermodal transportation more efficient.

(Choong, S., Cole, M.H., and Kutanoglu, E., MBTC-2003, Mack-Blackwell Transportation Center, University of Arkansas, Fayetteville, Arkansas, 2001.)

A simple approach to linehaul-backhaul problems

The project involved developing and testing a heuristic for solving the linehaul-backhaul vehicle routing problem. In this problem, vehicle routes must be designed to efficiently serve a set of customers, some which demand deliveries and some which demand pickups.

(Zhong, Y., and Cole, M.H., MBTC-1102, Mack-Blackwell Transportation Center, University of Arkansas, Fayetteville, Arkansas, 2001.)

Design of merge-in-transit logistics networks

The project involved development of a mathematical model and simple prototype decision support system for designing merge-in-transit networks, in which simple assembly/aggregation operations are preformed as part of the transportation process.

(Cole, M.H., and Parthasarthy, M., MBTC-1064, Mack-Blackwell Transportation Center, University of Arkansas, Fayetteville, Arkansas, 1998.)

Selected Publications

Choong, S., Cole, M.H., and Kutanoglu, E., Empty container management for intermodal transportation networks, *Transportation Research Part E*, Vol. 38, No. 6, pp. 423-438, 2002.

Zhong, Y., and Cole, M.H., A vehicle routing problem with backhauls and time windows: a guided local search solution, *Transportation Research Part E*, Vol. 41, 131-144, 2005.

Cole, M.H., and Parthasarthy, M., Optimal design of merge-in-transit logistics networks, MBTC-1064, Mack-Blackwell Transportation Center, University of Arkansas, Fayetteville, Arkansas, 1998.

Ho, Y., Kutanoglu, E., Bartolacci, M.R., and Cole, M.H., Modeling and analysis of transportation flows created by e-commerce transactions, MBTC-2012, Mack-Blackwell Transportation Center, University of Arkansas, Fayetteville, Arkansas, December 2001.

Landers, T.L., Cole, M.H., Walker, B. and Kirk, R.W., The virtual warehousing concept, *Transportation Research Part E*, Vol. 36, No.2, pp. 115-125, 2000.

Jerry Stephens

Research Director, Western Transportation Institute

Professor, Civil Engineering Dept., Montana State University

Degrees

Doctor of Philosophy, Civil Engineering, Purdue University, 1985

Master's of Science, Civil Engineering, Purdue University, 1976

Bachelor's of Science, Civil Engineering, University of New Hampshire, 1975

Professional Activities

Professional Engineer – Montana

Member, Transportation Research Board, Truck Size and Weight Committee, 1996 - present

Member, National Cooperative Highway Research Program Project Panels:

Highway Cost Allocation Studies Synthesis, 2006-present

Pavement Condition Impacts on Vehicle Operating Costs, 2005-present

Optimal Timing of Pavement Maintenance, 1999-2002

Effects of Super Single Tires, 1996 -1997

Member, Transportation Research Board, Committee to Review the Federal Cost Allocation Study, 1996-1997

Member, American Society of Civil Engineers, 1975 – present

Session Moderator, Federal Highway Administration Workshop on Highway Cost Allocation, May, 2000, Irvine, California.

Workshop Organizer, Transportation Research Board 86th Annual Meeting, Making Sense of Sensors used to Monitor Bridge Response, January 2007, Washington, DC.

Key Qualifications

Dr. Stephens has been researching transportation issues in Montana for the past 15 years. His research has frequently involved bringing together traditional analyses of the engineering performance of the transportation infrastructure with broader system-wide operational and economic considerations, such as vehicle weight enforcement, freight logistics, system finance, and system productivity. He has, for example, been involved with assessing the equity Montana's motor vehicle fees, establishing a new gross vehicle weight based fee structure for commercial vehicles, and studying infrastructure and economic impacts of possible changes in the vehicle size and weight statutes in Montana. Notably, on this latter effort, both users and providers of highway transportation services in the state were interviewed relative to their current and projected operations under the size and weight scenarios to be investigated. He has

worked closely on these efforts with personnel from a variety of divisions within the Montana Department of Transportation, and he is active at the national level on these same issues.

Employment History

Assistant, Associate, and Full Professor, Montana State University, Department of Civil Engineering, Bozeman, Montana; 1989-Present.

Research Director, Montana State University, Western Transportation Institute, Bozeman, Montana; 2006-Present.

Associate Professor, West Virginia University, Department of Civil Engineering, Morgantown, West Virginia; 1988-1989.

Research Engineer and Senior Research Engineer, New Mexico Engineering Research Institute, University of New Mexico, Albuquerque, New Mexico; 1976-1982, 1985-1988.

Research Instructor, Purdue University, Department of Civil Engineering, West Lafayette, Indiana; 1982-1985.

Engineering Consultant, 1979-present, design engineer and expert witness.

Key Project Experience

Economic Impact of Changes in Truck Weight Regulations in Montana (Co-Principal Investigator with Julie Hewitt, Ag-Econ/MSU). The overall impacts of changes in truck weight limits on the economy in Montana were determined in this investigation. Four scenarios were considered with different maximum allowable gross vehicle weights (GVWs). Predictions were made of the vehicle fleets that would evolve under each scenario (based on company/carrier interviews) and of the attendant changes in demands and performance of the highway infrastructure. Case studies of the impacts expected on selected industries within the state were conducted. Changes in transportation costs typically were at least an order of magnitude larger than changes in infrastructure costs. Statewide economic impacts in terms of forgone gross state product amounted to -0.4%, and in the first year alone were 2 to 20 times the infrastructure impacts, depending on scenario.

Assessing the Impact on Montana's Highways of Adopting Canadian Interprovincial Limits on Vehicle Size and Weight (Principal Investigator). Impacts on the Montana highway system of adopting Canadian Interprovincial, Canamex, and Canamex Short limits on vehicle size and weight were determined. Highway infrastructure impacts from these new and heavier vehicles were determined by developing new traffic streams, determining the engineering impact of these streams on bridges and pavements, and assigning a cost to these impacts. An increase in annual costs for bridges and pavements of 12 to 42 million dollars (11 to 36 percent) was calculated under Canadian limits (interstate and primary systems). An increase in annual costs of 4 to 9 million dollars was calculated for Canamex and Canamex Short limits.

State Truck Activities Reporting System Evaluation (STARS) (Co-Principal Investigator with Jodi Carson, Civil Engineering/MSU). The Montana Department of Transportation (MDT) engaged in a pilot project to collect better information on commercial trucking activity on the state's highways using an extensive statewide network of weigh-in-motion (WIM) sensors. This data was collected to improve MDT's pavement design, weight enforcement, and general planning activities. WTI/MSU was tasked with evaluating the effectiveness of this new data collection program in meeting these objectives, as well as working with MDT to identify ways in which this tool could be better used in the future. Direct and quantifiable benefits realized during the initial evaluation period consisted of reduced pavement damage from overweight vehicles (valued at $700,000 per year) and the generation of more efficient pavement designs (valued at $4,100,000 per year). System costs were estimated at $604,000 per year, resulting in a cost-to-benefit ratio for STARS of 7.9.

Cost Allocation Studies for the Montana State Highway System (Principal Investigator). Studies were completed in 1992 and 2000 in which state highway revenues and expenditures for various users of the highway system were compared to see if they were equitably sharing the costs of providing them with highway service. These studies included characterizing the use of the state highway system by different commercial vehicle configurations, and subsequently identifying the revenue collected from them, and the specific costs they were responsible for in providing highway service to them. Following the equity ratio approach (ratio of revenue to expenditure), users of the state highway system were generally found to be paying their fair share of the costs of providing them with highway service in both studies, notably for state revenues and expenditures on the highway system.

Financing the Montana State Highway System (Principal Investigator). In this study, a pavement damage based fee structure was developed for the weight based portion of the vehicle fees paid by highway users in Montana.

Selected Publications

Stephens, J., and Carson, J. (2005), "Follow-on Evaluation of the Montana Department of Transportation's State Truck Activities Reporting System", Final Report prepared for the Montana Department of Transportation by Montana State University, Bozeman, MT.

Stephens, J., Carson, J., Reagor, D., and Harrington, M. (2003), "An Evaluation of Montana's State Truck Activities Reporting System," Final Report prepared for the Montana Department of Transportation by Montana State University, Bozeman, MT.

Stephens, J., Carson, J., Hult, D., and Bisom, D. (2003), "Infrastructure Preservation Using WIM Coordinated Weight Enforcement", Transportation Research Record 1855, Transportation Research Board, National Research Council, Washington, D.C.

Stephens, J.E., and Menuez, N. (2000), "Cost Allocation Study for the Montana State Highway System: 1999 Update", Final Report prepared for the Montana Department of Transportation by Montana State University, Bozeman, MT.

Hewit, J., Stephens, J., Smith, K., and Menuez, N. (1999), “Infrastructure and Economic Impacts of Changes in Truck Weight Regulations in Montana, Transportation Research Record 1653, Transportation Research Board, National Research Council, Washington, D.C.

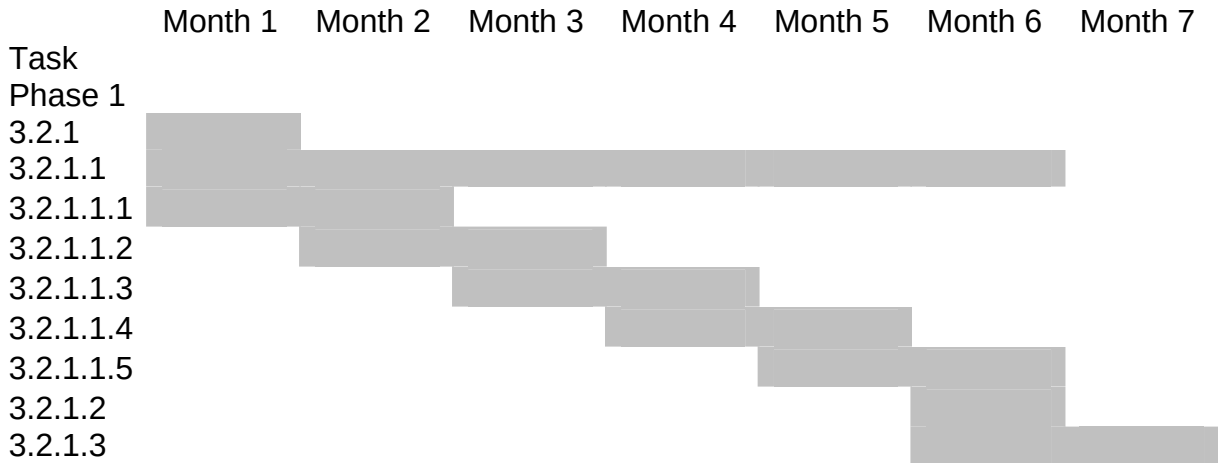
Stephens, J., Hewitt, J., Smith, K, and Menuez, N. (1998), “Impact of Changes in Truck Weight Regulations on Montana’s Economy”, FHWA/MT-98-006/8142, Final Report prepared for the Montana Department of Transportation by Montana State Univ., Bozeman, MT.

Stephens, J. Scoles, J. Patterson, S., and Schillings, P., (1997), “Impact of Adopting Canadian Interprovincial and Canamex Limits on Vehicle Size and Weight on Montana’s Highways”, Transportation Research Record 1602, National Research Council, Washington, D.C.

Stephens, J.E. (1993), "Financing the Montana State Highway System", Final Report prepared for the Montana Department of Transportation by the Department of Civil and Agricultural Engineering, Montana State University, Bozeman, Montana.

4.1.3 Method of Providing Services

The work plan will begin with a kick off meeting with the state. The following schedule will be used to measure project milestones. It is anticipated that the project will begin in February 2007 and could be competed by August 2007 if this time schedule is agreeable to the State and Technical committee. If a Phase 2 is to be undertaken the schedule for that work will be negotiated at the time of contracting.



Meetings and written technical memorandums will be submitted as described in section 3.3 of this document.

The literature review will be conducted by research professionals and industry as well as public documents will be reviewed to identify information pertinent to incentives and public private partnership arrangements.

Tonnage volume and government statistics will be gathered to identify freight potential by geographic region. Surveys of users, prospective users and government agencies will be used. Data will be analyzed and reconciled based on standardized intermodal industry conversion metrics.

Surveys and original data collection will be guided by the University trained research staff. Interview surveys for shippers, users and carriers will be designed to be statistically sound documents using academic standards for confidentiality. Data collection methods and analytical tools will be governed by standard research protocols.

Economic analysis of terminal operations will be performed by industry experts and will be benchmarked against facilities of like size and function. Financial analysis will follow formats used by private carriers to assess operation profitability.

5. COST PROPOSAL

The PF Team hereby understands and will comply with all requirements as set forth in the Request for Proposals (RFP Number: 308128-RP).

5.1. Cost Schedule

The project shall not exceed $84,044 for Phase 1. Any additions to the scope shall be negotiated separately.

5.2. Project Budget

The project budget is detailed on the following page. Hourly and fringe benefit rates for each member of the PF Team are reported below.

Researcher	Hourly Rate with Benefits ($)	Benefit Rate (%)
Libby Ogard	70.00	33.00
Robert Sleeker	60.00	33.00
Michael Cole	50.00	25.00
Jerry Stephens	65.00	25.00

5.3. Cost Revisions

The PF Team understands the terms and conditions of the RFP #308128.

Budget		Prime Focus LLC	RMACK LLC Subcontract	WTI Subcontract	Other Direct Expenses		Totals
		Libby Ogard	Robert Sleeker	Michael Cole Jerry Stephens	Travel	Operations Communications	Total
Task #	**Task Title**	hours/$	hours/$	hours/$			hours/$
3.2.1	Planning / kickoff meeting in Helena MT	28 $1,960	0 $0	36 $1,679	$1,200		64 $4,839
3.2.1.1.1	Identify potential MT users of COFC/TOFC	32 $2,240	24 $1,440	56 $3,240		$500.00	112 $7,420
3.2.1.1.2	Estimate commodity flows and impacts	40 $2,800	24 $1,440	68 $3,800	$1,200		132 $9,240
3.2.1.1.3	Determine current trucking costs	8 $560	0 $0	60 $3,300			68 $3,860
3.2.1.1.4	Identify current COFC/TOFC flows in MT	16 $1,120	24 $1,440	8 $400	$1,200		48 $4,160
3.2.1.1.5	Perform cost/benefit analysis from rail P.O.V.	40 $2,800	40 $2,400	8 $460			88 $5,660
3.2.1.2	Recommend COFC/TOFC strategies for MT	48 $3,360	32 $1,920	16 $920			96 $6,200
3.2.1.3	Final Report and Presentation	44 $3,080	16 $960	52 $2,599	$1,200		112 $7,839
	Total Hours	256	160	304			720
	Total Direct Costs	$17,920	$9,600	$16,398	$4,800	$500	$49,218
	Indirect Costs	$17,920	$9,600	$6,805	$0	$500	$34,825
	Total Project Costs	$35,840	$19,200	$23,204	$4,800.00	$1,000.00	$84,044

Note: Prime Focus LLC and RMACK LLC indirect cost rates 100% (except travel)
WTI indirect cost rate: 41.5%

6. EVALUATION CRITERIA

Prime Focus LLC understands the evaluation criteria in RFP #308128.

APPENDIX A

Prime Focus LLC understands and will comply with the Standard Terms and Conditions given in Appendix A of RFP#308128-RP.

APPENDIX B

Prime Focus LLP understands and will comply with the contract as detailed in Appendix B of RFP#308128-RP.